

SECRET

NO FOREIGN DISSEM

Current Support Brief

DECLINE IN CHINESE COMMUNIST EXPORTS OF TIN
HELPS FORCE WORLD PRICE TO RECORD LEVEL



CIA/RR CB 64-7

January 1964

CENTRAL INTELLIGENCE AGENCY

Office of Research and Reports

NO FOREIGN DISSEM

SECRET

GROUP 1
Excluded from automatic
downgrading and
declassification

WARNING

This material contains information affecting the National Defense of the United States within the meaning of the espionage laws, Title 18, USC, Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

S-E-C-R-E-T

DECLINE IN CHINESE COMMUNIST EXPORTS OF TIN
HELPS FORCE WORLD PRICE TO RECORD LEVEL

A drop in Chinese Communist exports of tin and the fact that consumption in the Free World continued to exceed production caused the price of tin on the London (world) market to move above 1,000 pounds sterling per long ton in December 1963, the highest level since the Korean War. Chinese exports (and presumably production) declined roughly 50 percent during the 1960-63 period; as a result, the USSR and the Communist Bloc as a whole have shifted from the position of a net exporter of tin to that of a net importer. There is no evidence that Chinese exports will increase significantly for at least the next year or two, nor is any rapid increase of output in the Free World anticipated. Meanwhile, sales from the US tin stockpile may keep the price from rising significantly above the level of 1,000 pounds sterling.

1. Shift in the Tin Position of the Bloc

During 1963, for the first time in 8 years, the Sino-Soviet Bloc became a net importer of tin from the Free World. Substantial Chinese exports of tin to the West were more than offset, as indicated in Table 1,

Table 1

Sino-Soviet Bloc: Net Trade of Tin Metal with the Free World
1956-63

Year	Thousand Metric Tons			
	Communist China	USSR	European Satellites	Net Trade
1956	0.4	1.2	Negl.	1.6
1957	1.8	12.0	-0.1	13.7
1958	4.0	18.4	Negl.	22.4
1959	3.6	13.9	-0.1	17.4
1960	4.7	8.5	-0.2	13.0
1961	6.5	2.0	-2.4	6.1
1962	5.6	-0.8	-4.2	0.6
1963 a/	6.0	-5.1	-3.0	-2.1

a. Annual tonnage computed from data for January through July.

S-E-C-R-E-T

by increased purchases of tin by the USSR and the European Satellites. Chinese sales to the West have ranged from 5,600 to 6,500 tons* each year since 1960, whereas sales by the USSR, which reached a peak of 18,400 tons in 1958, had declined to negligible amounts by 1961. Since 1961 the USSR has purchased increasing quantities of tin from the West, with such imports approximating 5,000 tons in 1963. Imports by the European Satellites from the Free World amounted to about 3,000 tons in 1963.

The rise and fall in Bloc exports in recent years is traceable largely to shifts in the Chinese Communist position. China's tin industry, as a result of extensive Soviet assistance in engineering and equipment, was modernized and expanded during the 1950's. By 1959, Chinese output of tin metal probably was approximately 30,000 tons annually, 70 to 80 percent of which was produced in Soviet-built facilities at Ko-chiu, in southwestern China. China's consumption of tin, however, is small, ranging from possibly 2,000 to 3,000 tons annually. Thus production is primarily for export. As shown in Table 2, Chinese exports rose to a peak of 27,000 tons in 1959 but since have declined to an estimated total of 10,000 to 15,000 tons in 1963. Shipments to the USSR have risen and fallen in similar fashion and provided the basis for large Soviet exports to the Free World in 1957-59. Shipments to the European Satellites have been maintained, and sales to the Free World have increased considerably, amounting to roughly US \$14 million to US \$16 million of foreign exchange earnings annually since 1961.

The reason for the decline in Chinese Communist exports is unknown. During 1962-63, [REDACTED] 25X1D 25X1D 25X1D

[REDACTED] tin-processing facilities were active [REDACTED] the level of output. Perhaps the facilities are being operated at less than capacity as a result of technological problems in the large mines as well as the closure since 1960 of many primitive labor-intensive "native" mines. Taken together, these two factors would have reduced substantially the output of tin in concentrates. Again, it is conceivable that the Chinese, for some unknown reason, are holding exports to the Free World at a constant level and are building up stocks of tin. The latter seems unlikely, however, in view of the country's need for foreign exchange.

* Unless otherwise indicated, tonnages throughout this publication are given in metric tons. [REDACTED]

25X1C

25X1D

Approved For Release 2000/08/29 : CIA-RDP79T01003A001900020001-8

Approved For Release 2000/08/29 : CIA-RDP79T01003A001900020001-8

Table 2
Chinese Communist Exports of Tin Metals
1956-63

Thousand Metric Tons				
<u>Year</u>	<u>Total</u>	<u>USSR</u>	<u>European Satellites</u>	<u>Free World</u>
1956	16.5	15.7	0.4	0.4
1957	24.3	22.0	0.5	1.8
1958	24.7	19.3	1.4	4.0
1959	27.1	20.8	2.7	3.6
1960	25.1	17.7	2.7	4.7
1961	20.6	11.2	2.9	6.5
1962	15.5 <u>a/</u>	8.8	1.1 <u>a/</u>	5.6
1963	10 to 15 <u>b/</u>	4 <u>c/</u>	N.A.	6.0 <u>d/</u>

a. Data on shipments to Hungary and East Germany are incomplete.

b. Estimated.

c. Annual tonnage computed from data for January through November.

d. Annual tonnage computed from data for January through July.

2. Impact on the Free World Market

The decline in exports of tin by the Bloc has had a significant impact on the Free World market in recent years. As shown in Table 3, consumption of tin in the Free World has exceeded production each year since 1957, even though output has increased since the late 1950's. Since 1959, production has been steady at about 145,000 tons annually, whereas consumption has averaged 162,000 tons per year. Malaysia, the world's largest producer of tin (40 percent of the Free World's output of concentrates and 57 percent of the tin metal in 1962), has increased its production significantly since 1958-59 as have several lesser countries, including Thailand and Nigeria. Such increases have been offset to a considerable extent, however, by declining levels of output in a number of other important tin-producing nations. Output of concentrates in the nationalized industry of Indonesia, the third largest producer in the Free World, has fallen off roughly 20 percent, and output in the strife-torn Republic of the Congo (Leopoldville) about 22 percent. Bolivian production, the second largest in the West in 1962, was approximately 8 percent below that of 1959, largely as a result of increased union interference in the operation of the government-owned mines.

S-E-C-R-E-T

Table 3

Impact of the Decline in Bloc Exports of Tin
1956-63

Year	Thousand Metric Tons			Net Imports from the Bloc	Average London Price (Pounds Per Long Ton)
	Free World Production	Free World Consumption	Balance		
1956	169.7	152.4	17.3	1.6	787.7
1957	160.9	145.3	15.2	13.7	754.8
1958	122.9	138.2	-15.3	22.4	734.9
1959	115.8	150.4	-34.6	17.4	785.4
1960	147.8	164.6	-16.8	13.0	796.6
1961	141.2	161.5	-20.3	6.1	888.6
1962	145.8	161.6	-15.8	0.6	896.5
1963 <u>a/</u>	145.0	161.0	-16.0	-2.1	1,029.0 <u>b/</u>

a. Annual tonnage computed from data for January through July.

b. Average price on the London market as of 18 December 1963.

During 1958-60, shortfalls in production of tin in the Free World were matched to a considerable extent, as shown in Table 3, by Bloc sales in the West. In this 3-year period the shortfall totaled 67,000 tons compared with imports from the Bloc of 53,000 tons. However, withdrawals from stocks began in 1959 and have continued. Consumer stocks as well as stocks of most tin brokers have been reduced as have been the non-commercial stocks of the Italian and Canadian governments. The US Government since 1962 has been releasing quantities of tin from the approximately 164,000 tons of tin designated as being in excess of the requirements of the national stockpile, 50,000 tons of which have been authorized by Congress for disposal over an extended period. In addition, the International Tin Council (ITC), formed in 1956 by key producing and consuming nations of the Free World (except the US) to cushion wide fluctuations in price, had exhausted its buffer stock of tin by the end of 1963. The continued drain on stocks since 1959 presumably is responsible for the increase in the average world price from about 800 pounds sterling in 1960 to more than 1,000 pounds sterling in December 1963.

3. Prospects

Prospects for a rapid increase in world production of tin during the next 2 to 3 years are dim. Production of tin in the USSR is expected to increase to possibly 26,000 tons by the mid-1960's (compared with an estimated total of 23,500 tons in 1963), but available information indicates that output will continue to lag behind consumption by several thousand tons annually. Chinese exports of tin probably will not increase significantly in the near future, barring some dramatic change in the situation such as Western assistance in expanding China's production of tin.

For the large and efficient Western companies, the instituting of adequate long-term investment safeguards on the part of the producing countries reportedly is indispensable for any new expansion programs that involve large capital expenditures over an extended period. For other producers, such as the nationalized industry of Indonesia, a lack of adequate technical skills as well as a shortage of funds probably will insure against any significant increases during the next year or so. In addition, a key task confronting practically all of the tin industries of the Free World is the increasing need to develop new reserves sufficient to take care of growing long-term demand.

Sufficient surplus tin is held in the stockpile of the US Government to cover the world deficit in tin for several years. In this connection, the ITC in a meeting held on 2-4 December 1963 regarding the high world price for tin reportedly concurred in US sales of up to 500 tons of tin weekly at any time that the price is between 965 and 1,000 pounds per long ton. In addition, it was reported that the ITC would be prepared for the US to sell tin in "quantities sufficient to meet demand" when the price is about 1,000 pounds sterling per long ton.

Analyst:

25X1A

Coord:

Approved For Release 2000/08/29 : CIA-RDP79T01003A001900020001-8

SECRET

NO FOREIGN DISSEM

SECRET

Approved For Release 2000/08/29 : CIA-RDP79T01003A001900020001-8

Analyst: [REDACTED] R/MM

(Project 23. 5076)

Approved For Release 2000/08/29 : CIA-RDP79T01003A001900020001-8
OFFICE OF RESEARCH AND REPORTS

25X1A

Control Section

Control Sheet

SECRETGROUP 1
Excluded from automatic
downgrading and
declassification**NO FOREIGN DISSEM**Series Number CIA/RR CB 64-7
Date of Document January 1964Classification NO FOREIGN DISSEM
Number of Copies 230

Copy No.	Recipient	Date	Returned
25X1A			
165 - 200	Rec'd in St/P/C	31 Jan 64	
165	[REDACTED], St/P	4 Feb 64	
166	[REDACTED] OCR	"	5 Feb 64
167	[REDACTED]	4 Feb 64	
168	[REDACTED]	"	
169	[REDACTED]	"	
170	[REDACTED]	"	
171 - 173	[REDACTED]	"	25X1C
174	[REDACTED]	"	
175	[REDACTED]	"	
176	[REDACTED]	"	
177	[REDACTED]	"	
178	[REDACTED]	"	
179	[REDACTED]	"	
180, 181	[REDACTED]	"	
182	[REDACTED]	"	
183	[REDACTED]	"	
184	[REDACTED]	"	
185	[REDACTED]	"	
186	[REDACTED]	"	
187	OB/HRG/CGS, 3F30, Hq.		25X1A
188 - 200	Filed in St/P/C	3 Feb 64	
166	[REDACTED] R/mm for [REDACTED]		25X1A
	Dept. of State	10 Feb 64	
188-192	See attached memo	13 Feb 64	
62 4 33	Rec'd in St/P/C	18 Feb 64	25X1A
201-225	Sent to [REDACTED] R.C. to A.F.	17 Apr 64	
	[REDACTED] 10 TR- 615 Brayhill		21 Jan 65
22	Rec'd by O/WOI	28 Apr 64	
62	CIA 24 for Air Force	14 May 64	
193	Mr. John Boston, Technical Advisor		
	General Service Administration		
	Materials Service, [REDACTED]		25X1A
	Research Staff via [REDACTED] NS/C	4 Aug 64	
22 33, 200	Records Center	2 Aug 64	
195	Records Center	27 Oct 64	
201-225	Sent to R.C.	21 Jan 65	
198-199	Approved For Release 2000/08/29 : CIA-RDP79T01003A001900020001-8		25X1A
194	[REDACTED] OSI/GSD	16 Nov 65	

197 ~~NO~~ ^{for} D C I and Whitehouse 20 June 66

Approved For Release 2000/08/29 : CIA-RDP79T01003A001900020001-8

226-230 Recd from S.C.
196 A/F for Branch

3 June 66
3 June 66

227-230 RC 4 Aug 66

SECRET

Approved For Release 2000/08/29 : CIA-RDP79T01003A001900020001-8

SUBJECT: Distribution of Current Support Brief No. 64-7, Decline in

Chinese Communist Exports of Tin Helps Force World Price to Record

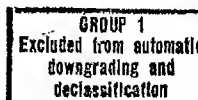
Level --- January 1964 (SECRET/NO FOREIGN DISSEM)

<u>Copy No.</u>	<u>Recipient</u>
1	O/DDI, Room 7E32, Hdqtrs.
2 - 3	NIC
4 - 12	OCI Internal
13 - 15	ONE
16 - 21	St/CS/RR 25X1A
22	O/DDI - [REDACTED]
23 - 31	[REDACTED] 25X1A
32	NSAL
33 - 230	ORR Distribution, St/A/Document Support Section, Room GH0915, Hdqtrs.

OCR

(Distributed by ~~DDI~~)

SECRET



Approved For Release 2000/08/29 : CIA-RDP79T01003A001900020001-8

SECRET

St/A/DSS Distribution For Release 2000/08/29 : CIA-RDP79T01003A001900020001-8
Distribution of Current Support Brief No. 64-7. Decline in

Chinese Communist Exports of Tin Helps Force World Price to Record

Level --- January 1964 (SECRET/NO FOREIGN DISSEM)

Copy No.

Recipient

32 35	AD/RR	
33	DAD/RR	
34	Ch/E	#163
35 164	St/PR	The Office of Emergency Planning, Dr. John F. Allums, Room 113, Executive Office Building, for A. E. Pierce, Room 317, Winder Building
36 - 40	D/A (1 each branch)	
41 - 46	D/MS (1 each branch)	
47 - 52	D/R (1 each branch)	
53 - 60	D/M (1 each branch)	
61 - 69	D/I (1 each branch)	
70 - 71	D/GG	
72 - 73	D/GC	
74	D/GC/X	
75 - 80	RID/AN, Unit 4, Room 1B4004, Hq.	25X1A
81	St/FM	
82	Analyst/Branch [REDACTED] R/MM)	
83	GR/CR	
84	BR/CR	
85	FIB/SR/CR, Room 1G27, Hq.	
86	Library/CR	
87	IPI/CR	
88	VMR, A-18	
89	AD/OO	
90	Chief, FDD	
91	CD/OO	
92	OCI/RP/PS, Room 7G15, Hq.	
93	DDI/CGS, Room 7F35, Hq.	
94	DDI/CGS/HR, Room 3F30, Hq.	25X1A
95 - 97	OSI	
98	OBI	
99 - 100	OTR/IS/IP, Room 532, Broyhill Bldg. (1 - OTR/SIC)	
101	NPIC/CSD/REF, Room 1S518, [REDACTED]	
102	Commandant Nat'l. War College, Ft. Leslie McNair, Attn: Classified Records Section, Rm. 26, Nat'l. War College Bldg., Wash., 25, D. C.	
103 - 113	ACSI/Army, Room 1C460, Pentagon	
114 - 127	Navy, Director, ONI, Room 5B659, Pentagon	
128 - 137	HQ. USAF, Attn: AFNIN-3D1, Room 4B137, Pentagon	
138 - 139	Ass't. Secretary of Defense, ISA, Room 4D825, Pentagon	
140 - 143	USIA, Warren Phelps, IRR/D, Room 701, Walker Johnson Building, 1734 New York Avenue, N. W.	
144 - 155	State, INR Communications Center, Room 7818, State Dept. Bldg.	
156 - 159	DIA, DIASA-2C, Room 2D233, Pentagon	
160 - 161	Dr. Neilson Debevoise, NSC, Room 365, Executive Office Building	
162	Frank M. Charrette, Agency for International Development, Chief, Statistics and Reports Division, Room 802, State Annex No. 1	
4 163 - 200	St/P/C, Room 4E41, Hq.	
201 - 230	Records Center	

SECRET

Excluded from automatic
downgrading and
declassification

~~SECRET~~

Approved For Release 2000/08/29 : CIA-RDP79T01003A001900020001-8
ORR PUBLICATIONS CONTROL PROCESSING SHEET

25X1A

23. 5076

CIA/RR CB 64-7

Branch R/MM



IN

Unedited draft
Edited draft
Other

SECURITY

a) Text check
b) Sources to be checked

Release authorized
Releaseable to

25X1C

Release requested:

1) initiated
2) received

OUT

Report #1 sent to AD/RR
Report #2 sent to DDI
Report #3 given to [redacted]
for sanitizing
CIA/PSD notified to disseminate

25X1A

4 Feb 64 Jm

Date Initials Remarks

Special use of COMINT
approved - see attached

25X1C

Deletions for the [redacted]

Add "Except" stamp to
front and back covers (top
and bottom of page).

Photograph following page 2 -
add "Except" stamp to "NPD"

Page 5 - delete analyst
name and coord. name.

Group 1
Excluded from automatic
downgrading and
declassification

SECRET

Approved For Release 2000/08/29 : CIA-RDP79T01003A001900020001-8

13 February 1964

MEMORANDUM FOR: Chief, Dissemination Control Branch, DD/CR
FROM : Chief, Publications Staff, ORR
SUBJECT : Transmittal of Material

It is requested that the attached copies of CIA/RR CB 64-7,
Decline in Chinese Communist Exports of Tin Helps Force World
Price to Record Level, January 1964, Secret/NO FOREIGN DISSEM,
be forwarded as follows:

State, INR Communications Center,
Room 7818, State Dept. Bldg
For Embassies in Bangkok, Hong Kong,
Kuala Lumpur, Singapore, and
Tokyo

25X1A



Attachments:
Copies #188 - #192 of CB 64-7

cc: CGS/RB

ACTION COMPLETED

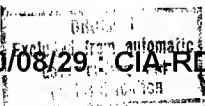
The dissemination requested by
this memorandum has been completed.

BY: *DOB*

Date: *14 Feb 64*

Approved For Release 2000/08/29 : CIA-RDP79T01003A001900020001-8

SECRET



SECRET

(5)

Approved For Release 2000/08/29 : CIA-RDP79T01003A001900020001-8

Project No. 23.5076

Report Series CIA/RR CB 64-7

Title Decline in Chinese Communist Exports of Tin Helps Force World Price to
Record Level --- January 1964 (SECRET/NO FOREIGN DISSEM)

Responsible Analyst and Branch

R/MM

25X1A

RECOMMENDED DISTRIBUTION TO STATE POSTS

Bloc

Berlin, Germany
Bucharest, Romania
Budapest, Hungary
Moscow, USSR
Prague, Czechoslovakia
Sofia, Bulgaria
Warsaw, Poland

Europe

Belgrade, Yugoslavia
Bern, Switzerland
Bonn, Germany
Brussels, Belgium
Copenhagen, Denmark
Frankfurt, Germany
Geneva, Switzerland
Helsinki, Finland
The Hague, Netherlands
Lisbon, Portugal
London, England
Luxembourg, Luxembourg
Madrid, Spain
Oslo, Norway
Paris, France
Rome, Italy
Stockholm, Sweden
Vienna, Austria

Pacific

Wellington, New Zealand
Manila, Philippines
Canberra, Australia
Melbourne, Australia

Far East

Bangkok, Thailand
Djakarta, Indonesia
Hong Kong
Rangoon, Burma
Kuala Lumpur, Malaya
Saigon, Vietnam
Seoul, Korea
Singapore, British Malaya
Taipei, Formosa
Tokyo, Japan
Vientiane, Laos
Phnom Penh, Cambodia
Colombo, Ceylon

Near East & South Asia

Ankara, Turkey
Athens, Greece
Cairo, Egypt
Damascus, Syria
Kabul, Afghanistan
Karachi, Pakistan
New Delhi, India
Nicosia, Cyprus
Tehran, Iran
Baghdad, Iraq
Tel Aviv, Israel
Beirut, Lebanon
Amman, Jordan
Jidda, Saudi Arabia

Ottawa, Canada

ARA

Mexico
Guatemala
Panama
Brazillia, Brazil
Buenos Aires, Argentina
Bogota, Colombia
Santiago, Chile
La Paz, Bolivia
Montevideo, Uruguay
Caracas, Venezuela

Africa

~~Y~~ AOUNDE
~~Yaounde~~, Cameroun
Leopoldville, Congo
Addis Ababa, Ethiopia
Accra, Ghana
Abidjan, Ivory Coast
Nairobi, Kenya
Monrovia, Liberia
Tripoli, Libya
Rabat, Morocco
Lagos, Nigeria
Mogadiscio, Somal
Khartoum, Sudan
Tunis, Tunisia
Pretoria, South Africa
Algiers, Algeria
Cotonou, Dahomey
Dakar, Senegal
Bamako, Mali

Approved For Release 2000/08/29 : CIA-RDP79T01003A001900020001-8

SECRET

